Board of the Centre

90th Session, November 2026

CC 90/4/2

FOURTH ITEM ON THE AGENDA

Plan for the audit of the 2026 Financial Statements

SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Annual Audit Plan for the External Audit of

International Training Centre of ILO

for the year ending 31 December 2026

Introduction

1. The Comptroller and Auditor General of India (CAG) has been appointed as the External Auditor of the International Training Centre (ITC) of the ILO from 2024-27. The audit plan presented here is derived from a strategic audit plan based on risk assessment, covering the period from 2024 to 2027, aimed at enhancing audit efficiency and maximizing assurance to stakeholders.

Audit Mandate

2. External Audit draws its mandate from Article 24 of Financial Regulations of the ITC which states that The External Auditor of the ILO is the External Auditor of the Centre.

3. The External Auditor's mandate is established in Chapter IX of the ITC's Financial Regulations. The Regulations require that the External Auditor shall report to the Board on the audit of the financial statements of the Centre and on other matters that should be brought to its attention.

4. Further, Article 25 mandates that –

a. the audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the Board.

b. the External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Centre.

c. The External Auditor shall be completely independent and solely responsible for the conduct of the audit.

Audit Approach and Methodology

5. The financial and compliance audit of ITC will be conducted using a risk-based approach, wherein areas identified as having a higher risk of material misstatement will receive enhanced audit procedures. Sampling techniques will be utilized to perform substantive tests on financial transactions and balances, ensuring statistical validity. Internal controls will be reviewed and tested to assess their effectiveness in preventing and detecting fraud or errors. Audit procedures will include analytical reviews of financial statements to identify discrepancies and trends, as well as physical verification of significant assets. Engagement with key stakeholders such as the internal audit

department and finance personnel will also be undertaken to ensure a comprehensive understanding of the ITC's financial operations.

6. The nature and extent of any work done by the ILO's Office of Internal Audit and Oversight (IAO) and any external review body will be considered in establishing the scope and objectives of our audit plan.

7. Audit scope will include review of the implementation of the audit recommendations made during the previous years' audit.

8. Upon the completion of the audit, the deliverables will include an Audit report expressing an opinion on the ITC's financial statements, along with a management letter with any recommendations for improvement.

9. We will apply a risk-based audit approach, in line with the International Standards on Auditing (ISA) and International Standards of Supreme Audit Institutions (ISSAI). This approach consists of the following phases:

Risk Assessment

10. Material Misstatements: Conduct risk assessments of material misstatements at the financial statement and assertion levels, based on a comprehensive understanding of the ITC and its internal control environment.

11. Risk Maturity: Assess the risk maturity of the Center, including the Board's risk management framework and the extent to which risks are identified, assessed, managed, and monitored.

Audit Planning

12. Prioritization of Areas: Identify and prioritize areas that require objective assurance, such as key risks, risk management processes, and compliance with internal policies.

13. Stakeholder Assurance: Address areas that stakeholders have identified as requiring enhanced audit focus.

Execution and Communication

14. Before commencement of field audit, an entry meeting with the management will be held to explain and agree upon the audit objectives, scope and focus areas.

15. Audit Fieldwork: perform audit testing based on identified risks, covering compliance, efficiency, and control assessments.

16. Stakeholder Discussions: to present audit findings to ITC management, ensuring mutual agreement on recommendations and facilitating the resolution of deficiencies.

Integration with Internal Oversight

17. The audit will be coordinating its efforts with the work performed by the Office of Internal Audit and Oversight (IAO), to ensure a comprehensive and cost-effective audit plan.

Sources of Funding and Budgeting

18. The financial statements of ITC are prepared on the accrual basis of accounting in accordance with International Public Sector Accounting Standards (IPSAS) and fully comply with all the applicable standards effective as at 31 December 2026. The ITC's financial period for budgetary purposes is a biennium consisting of two consecutive calendar years. The financial statements are prepared annually. The functional and presentation currency of the ITC is the Euro (€).

19. The Revenue of ITC primarily consists of voluntary contributions, contributions from training and non-training activities, multimedia services, etc.

Period of Audit Scope

S/N	Primary Nature of Audit	Audit Scope (Duration to be Covered)
1	Financial Audit	One Year (Last Financial Year)
2	Compliance Audit	**Compliance Audit:** One complete financial year and remaining period till the date of start of audit. The audit may extend backwards in time to follow complete trail of a current transaction (within scope period) in the previous year(s). Auditors may use previous years data for trends analysis.

Audits to be conducted during audit cycle 2026-27

S. No	Topic	Place
1	Financial Audit of ITC	Remote (1 weeks) and onsite at Turin, Italy (4 weeks)
2	Compliance Audit of processes in support of Digital Transformation.	

20. The dates of the above audits will be firmed up in consultation with ITC management. **Tentatively, following schedule is proposed**:

I. Interim Audit – **One weeks** – 16 Nov. to 20 Nov. 2026 (Remote Audit from New Delhi, India)

II. Financial and Compliance Audit - **Four weeks** - 01 Feb. to 26 Feb. 2027 (on site at Turin, Italy).

21. Risk assessment shall also be updated in order to prepare an audit plan for the next audit cycle. The audit team may propose certain topics for compliance audits in the forthcoming years, accompanied by justifications for their selection.

Audit Objectives

(i) To express an independent opinion as to whether:

- the financial statements present fairly, in all material respects, the financial position of the ITC as of 31 December 2026, and the results of its financial performance, its cash flows and the comparisons of budget to actual amounts for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

- the financial statements have been prepared in accordance with the stated accounting policies.

- the accounting principles have been applied on a basis consistent with that of the preceding financial period.

- the transactions that have come to our notice during the audit of the financial statements have, in all significant respects, been made in compliance with the Financial Regulations and legislative authority.

(ii) to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization (Chapter IX of the Financial Regulations).

Focus Areas in relation to the Financial and Compliance Audit of ITC ILO

Financial Audit

- Compliance with IPSAS, Accounting Policy, financial rules, Investment Policy etc.

- Adequacy of existing framework of treasury management including the system of monitoring and forecasting cash balance by Treasury.

- The periodicity and reasonable consideration for booking the amount under correct head.

- Assets accounting and verification including procurement, depreciation and disposals.

- Working Capital fund related issues.

- Revenue Recognition and related issues.

Compliance Audit of processes in support of Digital Transformation

22. The Centre has been undertaking significant digital transformation to adapt its training and capacity-development activities to the changing learning environment, particularly following the COVID-19 pandemic. There has been a substantial shift towards online and distance learning, supported by digital platforms such as eCampus, resulting in a significant increase in the Centre's outreach. To sustain this growth, the Centre is strengthening its Information and Communication Technology (ICT) infrastructure, data and analytics capabilities, cloud solutions, digital workplace technologies and use of artificial intelligence. The digital transformation aims to expand access to learning, improve operational efficiency, strengthen decision-making and enhance the quality and effectiveness of the Centre's services.

Focus Areas for the Audit

- **Strategy implementation**
  - Critical path for IT procurements
  - Retirement of legacy applications
  - Identification of priority areas
  - Change management
  - Existence and compliance of change management plan

❖ **IT governance**

- Adequacy of governance structures supporting the strategy
- Presence of IT Steering Committee with engagement of business heads and Head of ICT

❖ **Project planning and funding**

- Adequacy of project funding
- Sufficiency of ICT Fund resources
- Revenue generation planning
- Voluntary contributions plan

❖ **Financial and cost analysis**

- Cost-benefit analysis of major investments
- Realisation of projected cost savings and benefits
- Impact of cloud services on recurring costs versus savings

❖ **Training and capacity building**

- Existence of staff training plan
- Adherence to training plan

❖ **Procurement and compliance**

- Adherence to project timelines
- Compliance with tendering processes and financial rules
- Use of UNGM (UN Global Marketplace) to broaden competition

❖ **Digitalization of business processes**

- Retirement of key applications (Finance, Training, HR, Facility Management)
- Minimisation of manual interventions
- Scaling operations for wider user base

❖ **Technical specifications and business involvement**

- Adequacy of RFP technical requirement specifications
- Level of business unit involvement in planning

❖ **Service contracts and vendor management**

- Examination of agreements for product development and milestone adherence
- Compliance with Service Level Agreements (SLAs) for service providers

- Review mechanisms for SLA compliance and corrective actions
- Vendor engagement for innovation products (AI, chatbots, VR/AR devices) and their continued utility

❖ **Governance and monitoring**

- Monitoring progress at multiple levels of project governance
- Review of Project Management Unit (PMU) and higher governance body meeting minutes for risk identification and response effectiveness
- Monitoring of digital inclusion targets to broaden uptake of Information and Communication Technology (ICT)-supported products

Audit materiality

26. Our audit requires us to determine the materiality for each engagement. This amount is also used to evaluate the significance of uncorrected misstatements (past adjustments and reclassifications) noted during the audit. The audit materiality will be arrived at during the interim audit, which will result in planning the nature and extent of substantive checks by the Audit.

Audit Work Plans

27. Detailed Audit work plans and programmes, including audit procedures and specific audit objectives will be developed for each audit area identified.

Audit deliverables

1. Reports to the Board

a) Independent Auditor's Report: Expresses the audit opinion on the financial statements.

b) Long Form Report: Provides detailed observations on financial procedures, internal controls, and management practices.

2. Reports to Management:

a) Management Letters: Outline recommendations for improving systems of internal control.

Audit Milestones

Activity	Tentative Date
Presentation of Audit Plan	October 2026
Interim Audit (Remote Audit)	16 Nov. to 20 Nov. 2026
Year end audit	01 Feb. to 26 Feb. 2027
Issue of draft Long Form Report	12 March 2027
Response to Draft Long Form Report by ITC to SAI India	19 March 2027
Signed Audit Opinion and Final Long-form Report	1st April 2027
Presentation of audit results to Board	Late May 2027

Audit Management and Quality Assurance

33. To ensure the quality and impact of the audit process, an internal review mechanism will be in place to evaluate the practicality and value-addition of all proposed recommendations, while maintaining adherence to international audit standards. This quality assurance framework will align with the International Standards on Auditing (ISA) and the International Standards of Supreme Audit Institutions (ISSAI) to ensure consistency, reliability, and adherence to best practices.

34. The recommendations, aimed at enhancing governance and strengthening internal controls, will be thoroughly discussed during the Exit Conference, fostering mutual agreement and alignment with ITC's objectives.

35. The reporting process will embody the principle of “no surprises,” featuring an elaborate framework that allows management to respond to the audit findings at each stage of the process, thereby facilitating an open dialogue and ensuring that any concerns are addressed in a timely manner.